

## SEQUIM CITY COUNCIL AGENDA COVER SHEET

**MEETING DATE:** July 25, 2016

**FROM:** Sue Hagener, Administrative Services Director

SH  
Initials

**SUBJECT/ISSUE:** 2<sup>nd</sup> Quarter 2016 Financial Reports

Discussion dates			
<b>CATEGORY</b>	<input type="checkbox"/> City Manager Report <input type="checkbox"/> Public Hearing <input type="checkbox"/> Unfinished Business	<input checked="" type="checkbox"/> Work Session <input type="checkbox"/> Consent Agenda <input type="checkbox"/> New Business	Time Needed for Presentation  <span style="color: red; font-size: 1.2em;">15</span>
Reviewed by	Initials	Date	
Charlie Bush, City Manager	CPB	7/20/16	

**PROBLEM/ISSUE STATEMENT:**

The 2<sup>nd</sup> quarter 2016 Financial Report provides the financial results for the first six months of 2016. It includes an explanation of significant variances from budget. Financial Reports are provided quarterly to inform the City Council and Community as to the progress for the year including budget amendments that may be required. It should be noted that any reference to beginning fund balances will be subjected to an audit of 2016.

**LIST OF ATTACHMENTS:**

1. Summary by Funds
2. Narrative all Funds
3. Supportive Graphs
4. Schedule 9 (Liabilities at June 30, 2016)
5. 2016 Capital Projects

## **DISCUSSION/ANALYSIS:**

The attached information is presented to give the City Council and Community a pre-audit look at the results of operations and financial position for the first six months of 2016. The Budget is adopted at the fund level and thus is presented accordingly. Highlights include:

**General Fund** Beginning fund balance was strong at \$1.8ml and \$126k higher than budgeted. General fund revenues were \$134k (3%) more than budgeted. Sales tax is strong at \$86k (7%) over budget. Permitting activities remain active but related revenues are \$13k (9%) under budget. Utility taxes exceed budget by \$16k (2%). Property taxes are at 100% of budget, just as expected. Interfund/overhead revenues exceed budget by \$162k (13%), down from 27% over budget in 1<sup>st</sup> quarter, as expected. These revenues are expected to level somewhat by year-end. Staff continued to control supply and service expenditures resulting in a positive impact to the fund with total expenditures under budget by \$83k (2%). The net gain to the fund of \$200k was better than budget by \$218. The ending fund balance of \$2ml is slightly below policy maximum.

**Street Operations (Unrestricted)** Beginning fund balance was \$158k and \$3k over budget. Revenues were \$8k (2%) less than budget which is relatively on target. Actual expenditures were also under budget by \$7k (2%) due to savings in supplies, small tools, repairs and maintenance. The ending fund balance of \$130k (2 months of operations) is slightly above policy minimum, but this fund still awaits reimbursement from the Transportation Benefit District for safety and maintenance services.

**Water Operations (Unrestricted)** Beginning fund balance for 2016 was \$1ml and \$61k over budget. Actual Revenues are \$41k (5%) over budgeted and actual expenditures were \$17k (2%) more than budget (we anticipate this level out by year end). Ending fund balance of \$976k represents 5.5 months of operations and is slightly below maximum.

**Sewer Operations (Unrestricted)** Beginning Fund Balance for 2016 was \$1.9ml and \$233k over budget. Actual Revenues for the year are \$61k (3%) over budget and actual expenditures are \$80k (4%) under budget. Ending fund balance of \$1.8ml represents 5.3 months operations and slightly below maximum.

All **Other Funds** were either on track or above *general* budget projections or did not present any significant concerns.

**FINANCIAL IMPLICATIONS:** Discussion above.

**RECOMMENDATION:** Presented to the City Council and Community. No action needed.

City of Sequim  
Summary By Fund  
June 2016

	YTD	YTD	YTD	YTD	YTD		YTD	YTD	YTD		YTD	YTD	YTD	
	BUDGET Beg Fund Balance	BUDGET Net Gain (Loss)	BUDGET End Balance	BUDGET Revenues	ACTUAL Revenues	ACTUAL Rev BUDGET Rev	% from Budget	BUDGET Expenditures	ACTUAL Expenditures	ACTUAL Exp BUDGET Exp	% from Budget	ACTUAL Beg Fund Balance	ACTUAL Net Gain (Loss)	ACTUAL End Balance
<b>General Fund</b>														
001 General Fund	1,685,370	(18,070)	1,667,300	4,571,195	4,705,638	134,443	3%	4,589,265	4,505,934	(83,331)	-2%	1,811,635	199,704	2,011,339
<b>Special Revenue Funds</b>														
101 Street Unrestricted	154,925	(27,532)	127,393	407,668	400,120	(7,548)	-2%	435,203	428,159	(7,044)	-2%	158,248	(28,039)	130,209
111 Street Restricted	889,110	222,047	1,111,157	593,932	142,550	(451,382)	-76%	371,888	64,208	(307,680)	-83%	750,291	78,342	828,633
107-U Stormwater Unrestricted	11,586	6,258	17,844	60,240	60,588	348	1%	53,977	65,541	11,564	21%	28,917	(4,953)	23,964
115 Lodging Tax Hotel / Motel	213,710	(47,590)	166,120	75,201	85,616	10,415	14%	122,791	139,593	16,802	14%	329,001	(53,977)	275,024
117-R Stormwater Restricted	9,777	22,732	32,509	78,286	95,199	16,913	22%	55,554	41,298	(14,256)	-26%	(4,347)	53,901	49,553
120 Criminal Justice	79,566	(16,426)	63,140	196,350	171,022	(25,328)	-13%	212,776	184,035	(28,741)	-14%	61,632	(13,013)	48,619
121 Police Asset Seizure	28,264	(14,862)	13,402	138	219	81	59%	15,000	-	(15,000)	-100%	29,664	219	29,883
140 Parks Restricted	134,205	(8,647)	125,558	193,946	405,604	211,658	109%	202,594	461,975	259,381	128%	173,112	(56,371)	116,741
150 Real Estate Excise Tax	154,884	26,998	181,882	109,498	147,772	38,274	35%	82,500	82,500	0	0%	315,464	65,272	380,736
160 Gifting & Donations	1,830	280	2,110	8,550	2,694	(5,856)	-68%	8,270	1,072	(7,198)	-87%	1,017	1,622	2,639
164 Equip Reserve	311,676	(128,910)	182,766	251,588	214,091	(37,497)	-15%	380,503	70,872	(309,631)	-81%	342,807	143,219	486,026
<b>Debt Service Fund</b>														
206 Debt Service Fund - City Hall	7,531	84,456	91,987	300,326	301,004	678		215,870	215,870	0		890	85,134	86,024
<b>Capital Funds</b>														
306 Capital Facilities & City Hall	86,035	143,983	230,018	170,102	18,952	(151,150)	-89%	26,119	77,654	51,535	197%	271,064	(58,702)	212,362
<b>Enterprise Funds</b>														
401 Water Unrestricted	1,028,307	(137,108)	891,199	896,318	937,767	41,449	5%	1,033,424	1,050,811	17,387	2%	1,088,908	(113,044)	975,865
411 Water Restricted	2,384,657	(163,114)	2,221,543	1,386,366	480,301	(906,065)	-65%	1,549,480	274,376	(1,275,104)	-82%	2,815,729	205,925	3,021,654
402 Sewer Unrestricted	1,650,979	(257,383)	1,393,596	1,907,295	1,968,362	61,067	3%	2,164,681	2,085,029	(79,652)	-4%	1,884,033	(116,668)	1,767,366
422 Sewer Restricted	4,870,092	167,441	5,037,533	1,552,134	2,176,039	623,905	40%	1,384,693	2,166,801	782,108	56%	5,450,167	9,238	5,459,405
<b>Internal Service Funds</b>														
500 Unemployment Compensation	27,954	(5,000)	22,954	0	0	0		5,000	3,285	(1,715)	-34%	32,520	(3,285)	29,235
<b>Trust, Agency &amp; Permanent Funds</b>														
611 Flexible Spending Account	0	0	0	22,500	7,078	(15,422)	-69%	22,500	5,137	(17,363)	-77%	455	1,941	2,396
621 Police Expendable Trust	0	0	0	0	-	0		0	-	0		0	-	0
631 Construction Deposits	38,300		38,300	195,000	13,909	(181,091)	-93%	195,000	-	(195,000)	-100%	0	13,909	13,909
635 Intergovernmental Agency Fund	2,638	2,797	5,435	88,968	20,778	(68,190)	-77%	86,170	17,601	(68,569)	-80%	5	3,177	3,181
645 Utility Deposits	122,652	1,698	124,350	19,998	32,867	12,869	64%	18,300	29,937	11,637	64%	136,478	2,930	139,408
690 TBD	319,531	(18,844)	300,687	283,602	299,500	15,898	6%	302,446	36,948	(265,498)	-88%	437,444	262,552	699,996
701 Haller Park Fund Permanent	37,964	223	38,187	223	280	57	25%					37,904	280	38,184
<b>Totals</b>	<b>14,251,543</b>	<b>(164,573)</b>	<b>14,086,970</b>	<b>13,369,424</b>	<b>12,687,951</b>	<b>(681,473)</b>	<b>-5%</b>	<b>13,534,004</b>	<b>12,008,635</b>	<b>(1,525,369)</b>	<b>-11%</b>	<b>16,153,037</b>	<b>679,316</b>	<b>16,832,353</b>

**Narrative Summary of Results Q2 2016**  
**General Fund**

*****	*****	***	**	*
<b>Excellent</b>	<b>On Target</b>	<b>Need to Monitor</b>	<b>Caution</b>	<b>Extreme Caution</b>
<b>Revenues/Fund Balance exceeded Budget</b>	<b>Revenues/Fund Balance met Budget</b>	<b>Revenues/Fund Balance 1-2% under Budget</b>	<b>Revenues/Fund Balance 3-5% under Budget</b>	<b>Revenues/Fund Balance under 5% or more under Budget</b>
<b>Expenditures below Budget 3-5%</b>	<b>Expenditures at/near Budget</b>	<b>Expenditures 1-2% over Budget</b>	<b>Expenditures 3-5% over Budget</b>	<b>Expenditures 5% or more over Budget</b>

<b>Item</b>	<b>Description</b>	<b>Results</b>
<b>Beginning Fund Balance</b>	2016 began positively at \$1.8ml or \$126k higher than anticipated. This cushion represents savings for Civic Center debt service or other opportunities.	*****
<b>Revenues Summary</b>	103% of budget or \$134k over.	*****
Sales Tax	107% of budget or \$86k over budget.	*****
Property Tax	100% of budget or \$1k under. This revenue rebounded from 1 <sup>st</sup> quarter's 42% under as expected (timing of the tax due date in April).	*****
Licenses, Permits, Fines, Forfeits	82% of budget or \$32k under budget. The 2016 budget reflects revenues from fines and penalties we expected to collect before contracting with the County on Criminal Justice services in late 2015. The contract eliminated those revenues. Licensing and permitting/development activities are performing well at 91% of budget.	**
Utility Taxes	102% of budget or \$16k over budget.	*****
Charges for Goods/Services	105% of budget or \$67k over. (Interfund revenues to the General Fund were expected to rebound over prior year performance due to completion of the Civic Center.)	***
<b>Expense Summary</b>	98% of budget or \$83k under. Controlled expenditures across expense types, except intergovernmental expenses, which are expected	*****

Item	Description	Results
	to come in on budget by year end.	
Salaries/Benefits	99% of budget or \$34k under due to some unfilled positions.	*****
Supplies and Services	88% and 92% of budget, respectively. Expenses well controlled by staff and low fuel prices.	*****
Intergovernmental	118% of budget or \$37k over but we expect overall savings in the criminal justice expenses compared with prior years.	***
<b>Ending Fund Balance</b>	At \$2ml is slightly below policy maximum due to the cyclical nature of revenues.	*****

**Streets, Parks, Capital Facilities and Utility funds**

*****	****	***	**	*
<b>Excellent</b>	<b>On Target</b>	<b>Need to Monitor</b>	<b>Caution</b>	<b>Extreme Caution</b>
<b>Revenues/Fund Balance exceeded Budget</b>	<b>Revenues/Fund Balance met Budget</b>	<b>Revenues/Fund Balance 1-2% under Budget</b>	<b>Revenues/Fund Balance 3-5% under Budget</b>	<b>Revenues/Fund Balance under 5% or more under Budget</b>
<b>Expenditures below Budget 3-5%</b>	<b>Expenditures at/near Budget</b>	<b>Expenditures 1-2% over Budget</b>	<b>Expenditures 3-5% over Budget</b>	<b>Expenditures 5% or more over Budget</b>

Fund	Description	Results
<b>Streets Operations</b>	Beginning Fund Balance for 2016 at \$158k is over budget by \$3k. Actual Revenues were \$8k (2%) less than budget and expenditures were \$7k (2%) less than budget. Ending fund balance of \$130k is slightly above policy minimum (but awaiting reimbursements from the TBD for safety and maintenance).	***
<b>Street Restricted Projects</b>	Beginning Fund Balance for 2016 at \$750k is \$139k under budget. Actual Revenues were \$451k less than budget and actual expenditures were \$307k less than budget due to timing of capital projects and the related grants and/or other funding sources.	****
<b>Stormwater Operations</b>	Beginning Fund Balance for 2016 at \$29k is \$17 over budget. Revenues are on target with budget, expenses \$12k over budget due to repairs of the sweeper and interfund charges (that should level out by year end).	**
<b>Project Stormwater</b>	Beginning Fund Balance for 2016 at (\$4k) is \$14k under budget. Revenues \$17k over budget (timing of grant proceeds) and expenses \$14k lower than budgeted (professional services).	***
<b>Parks Restricted</b>	Beginning Fund Balance for 2016 at \$173k is \$39k over budget. Actual Revenues for the year were \$212k more than projected (impact fees and donations) and actual expenditures were \$259k over budget due to the Carrie Blake Park parking solution project (which will require a mid-year budget amendment).	***

<b>Fund</b>	<b>Description</b>	<b>Results</b>
<b>Capital Facilities (including Civic Center)</b>	Beginning Fund Balance at \$271k is \$185k over budget. Revenues are \$151k under budget and expenditures are \$41k over budget due to the timing of the project expenditures (Guy Cole and EOC improvements). A mid-year budget amendment will be required.	<b>***</b>
<b>Water Operations</b>	Beginning Fund Balance for 2016 at \$1.1ml or \$61k over budget. Actual Revenues for the year were \$41k (5%) over budget and actual expenditures were \$17k over budget (interfund charges). Very healthy ending fund balance of \$976k.	<b>*****</b>
<b>Water Restricted</b>	Beginning Fund Balance for 2016 at \$2.8ml or \$431k over budget. Actual Revenues were \$906k under budget and actual expenditures were \$1.3ml less than projected due to the timing of water projects.	<b>*****</b>
<b>Sewer Operations</b>	Beginning Fund Balance for 2016 at \$1.9ml is \$233k over budget. Actual Revenues for the year are \$61k over budget (grant proceeds) and actual expenditures were \$80k under budget. Very healthy ending fund balance of \$1.8ml.	<b>*****</b>
<b>Sewer Restricted</b>	Beginning Fund Balance for 2016 was \$5.45ml or \$580k over budget. Actual Revenues for the year were \$624k over budget (timing of grant/loan proceeds) and actual expenditures were \$782k over budget due to the timing of sewer projects (Aerobic Digester and Headworks –carryforward from 2015).	<b>*****</b>

**Other Key Funds**

<b>*****</b>	<b>****</b>	<b>***</b>	<b>**</b>	<b>*</b>
<b>Excellent</b>	<b>On Target</b>	<b>Need to Monitor</b>	<b>Caution</b>	<b>Extreme Caution</b>
<b>Revenues/Fund Balance exceeded Budget</b>	<b>Revenues/Fund Balance met Budget</b>	<b>Revenues/Fund Balance 1-2% under Budget</b>	<b>Revenues/Fund Balance 3-5% under Budget</b>	<b>Revenues/Fund Balance under 5% or more under Budget</b>
<b>Expenditures below Budget 3-5%</b>	<b>Expenditures at/near Budget</b>	<b>Expenditures 1-2% over Budget</b>	<b>Expenditures 3-5% over Budget</b>	<b>Expenditures 5% or more over Budget</b>

<b>Item</b>	<b>Description</b>	<b>Results</b>
<b>Lodging Tax Hotel/Motel</b>	Beginning Fund Balance for 2016 at \$329k is \$115k over budgeted. Actual Revenues for the year were \$10k over budget (lodging tax) and actual expenditures were \$17k over budget (timing of Guy Cole transfers out). Solid ending fund balance.	<b>*****</b>
<b>REET</b>	Funds restricted for capital project expenditures only. Beginning Fund Balance for 2016 at \$315k is \$161k over budget. Actual Revenues for the year were \$38k above budget and expenditures were on target with budget. Ending fund balance of \$380k is strong. Mid-year budget amendments are expected for parks projects.	<b>*****</b>

Item	Description	Results
<b>Equipment Reserve</b>	Funds set aside for capital equipment acquisitions. Beginning Fund Balance for 2016 was \$343k and \$31k over budget. Actual Revenues under budget by \$37k (15%) and expenditures under budget by \$309k due to the timing of equipment purchases. The ending fund balance is below policy thresholds but we began more aggressive funding in 2016. A budget amendment is expected to further that funding if the General Fund continues to perform well.	***
<b>Debt Service Fund - LTGO</b>	Beginning fund balance of \$1k or \$6.6k under budget. Revenues and expenses on target. Activity in fund will be adequate to meet debt service requirements. A budget amendment is expected to increase funding if the General Fund continues to perform well.	***

**Total General Fund Activity  
(Operating & NonOperating)**

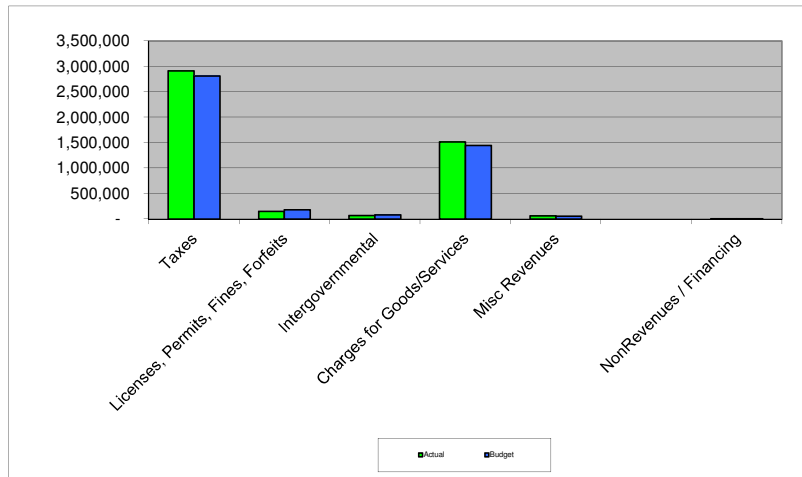
**As of 6/30/16**

	Actual	Budget	Actual / Budget
Taxes	2,914,859	2,811,900	104%
Licenses, Permits, Fines, Forfeits	148,157	179,755	82%
Intergovernmental	63,752	78,159	82%
Charges for Goods/Services	1,512,716	1,445,232	105%
Misc Revenues	63,356	54,781	116%
NonRevenues / Financing	2,798	1,368	205%
<b>Total Revenues</b>	<b>4,705,638</b>	<b>4,571,195</b>	<b>103%</b>

Intergovernmental is PUD privilege tax  
Charges for Good and Services includes  
Interfund Charges

**Total General Fund Revenues**

Budget to Actual

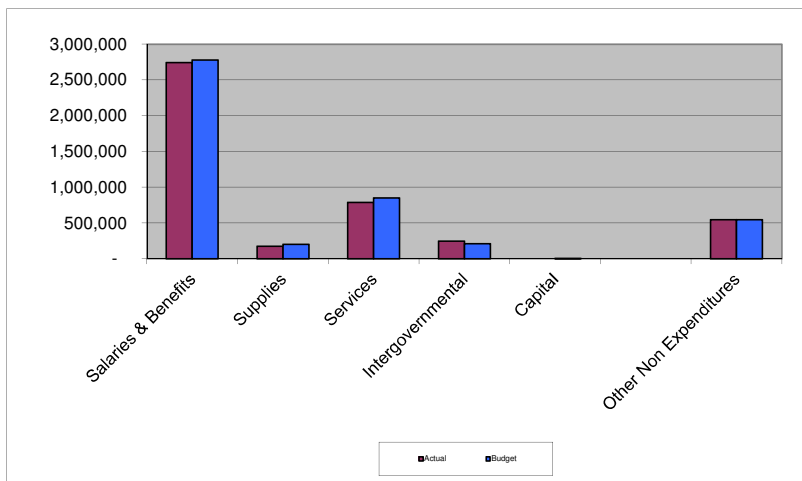


**As of 6/30/16**

	Actual	Budget	Actual / Budget
Salaries & Benefits	2,746,538	2,780,474	99%
Supplies	176,572	200,071	88%
Services	786,333	850,515	92%
Intergovernmental	248,865	211,372	118%
Capital	-	1	
Other Non Expenditures	547,626	546,835	100%
<b>Total Expenses</b>	<b>4,505,934</b>	<b>4,589,268</b>	<b>98%</b>

**Total General Fund Expenses**

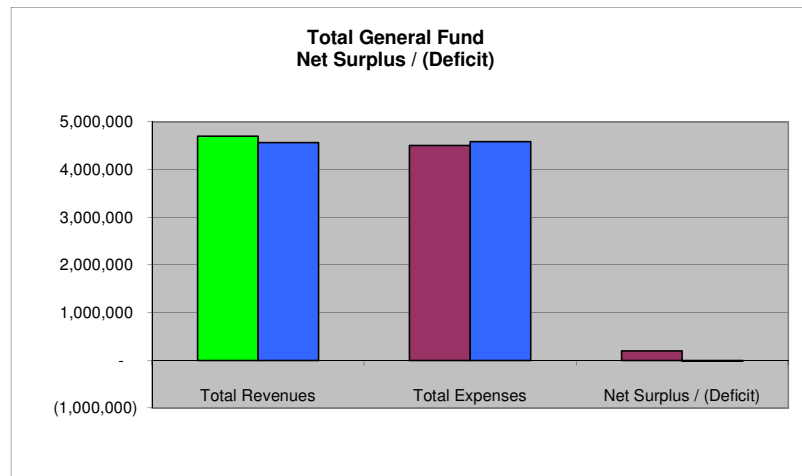
Budget to Actual



**As of 6/30/16**

	Actual	Budget	Net Over / (Under)
Total Revenues	4,705,638	4,571,195	134,443
Total Expenses	4,505,934	4,589,268	(83,334)
Net Surplus / (Deficit)	199,704	(18,073)	217,777

**Total General Fund  
Net Surplus / (Deficit)**



Actual Revenue  
Actual Expense  
Budget



### General Fund Total Revenues

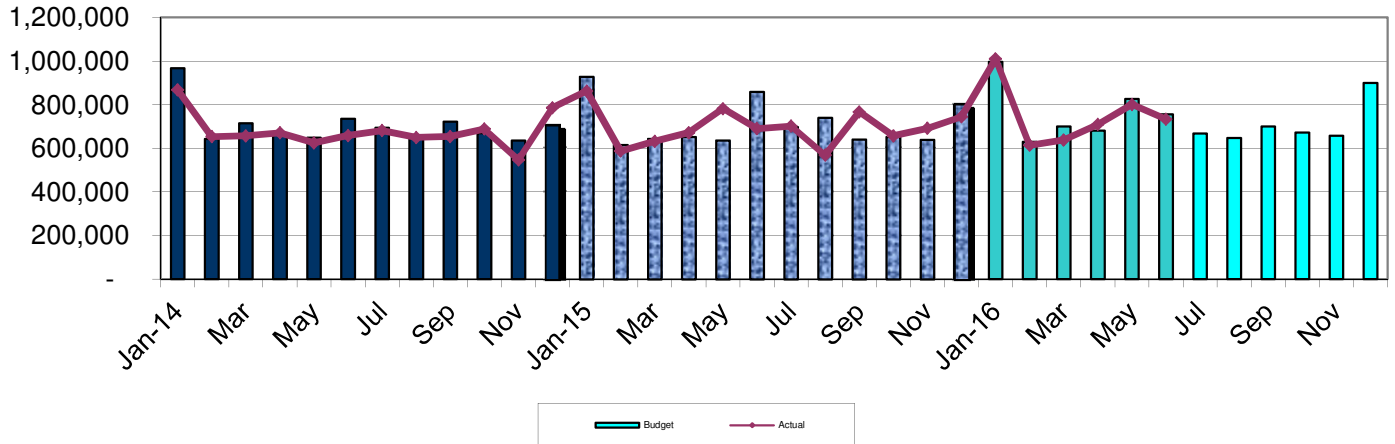


**As of 6/30/16**

	2013	2014	2015	YTD 2016	YTD Budget	Actual / Budget	2016 Budget
<b>Operating</b>							
Taxes	5,066,320	5,207,139	5,457,944	2,914,859	2,811,900	104%	5,410,967
Licenses & Permits	187,519	224,274	263,301	143,697	147,793	97%	253,318
Intergovernmental	200,327	216,366	214,021	63,752	78,159	82%	255,752
Charges for Services	2,567,982	2,273,708	2,212,579	1,512,716	1,445,232	105%	2,737,449
Fines Forfeits	68,249	60,799	68,424	4,461	31,962	14%	63,431
Misc Revenues	132,960	108,592	109,492	63,356	54,781	116%	110,824
<b>Op Rev Total</b>	<b>8,223,357</b>	<b>8,090,879</b>	<b>8,325,762</b>	<b>4,702,840</b>	<b>4,569,827</b>	<b>103%</b>	<b>8,831,741</b>
<b>NonOperating</b>							
NonRevenues	4,136	2,628	5,146	2,798	1,368	205%	17,578
Financing Sources	1,008						0
<b>Total Revenues</b>	<b>8,228,501</b>	<b>8,093,507</b>	<b>8,330,908</b>	<b>4,705,638</b>	<b>4,571,195</b>	<b>103%</b>	<b>8,849,319</b>
<b>Total Expenses</b>	<b>8,140,509</b>	<b>8,141,536</b>	<b>8,072,354</b>	<b>4,505,934</b>	<b>4,589,268</b>	<b>98%</b>	<b>8,833,148</b>
Net Over / (Under)	87,992	(48,029)	258,554	199,705	(18,073)	-1105%	16,171

	2013	2014	2015	YTD 2016
Operating Revenue	8,223,357	8,090,879	8,325,762	4,702,840
Operating Expenses	7,840,509	8,141,436	7,899,404	4,332,684
Net Over / (Under)	382,848	(50,557)	426,358	370,157

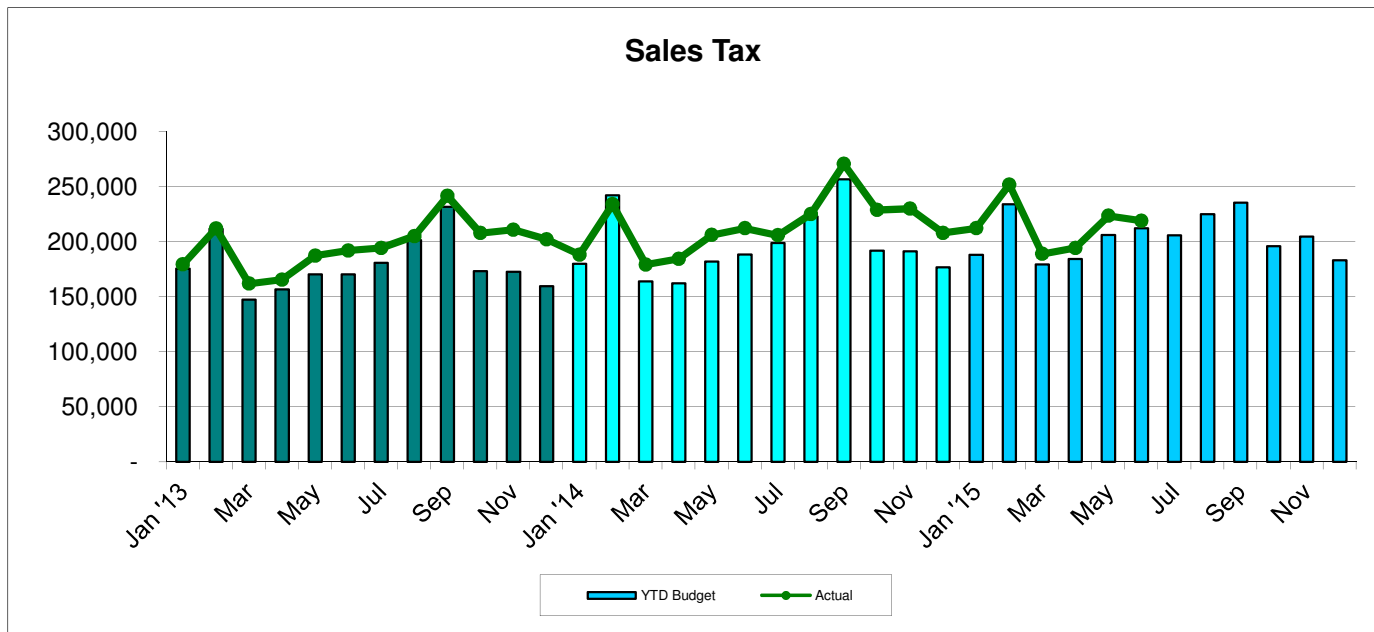
### General Fund Total Expenses



As of 6/30/2016

	2013	2014	2015	YTD Actual	YTD Budget	Actual / Budget	2016 Budget
<b>Operating</b>							
Wages & Benefits	5,173,914	5,388,068	5,299,729	2,746,538	2,780,474	99%	5,588,137
Supplies	393,798	299,993	332,414	176,572	200,071	88%	394,956
Service Charges	1,343,608	1,336,842	1,430,835	786,333	850,515	92%	1,341,187
Intergovernmental	467,590	451,425	432,549	248,865	211,372	118%	420,192
Capital Equipment	-	25,999	29,536	-	1		1
Transfers for Operations	461,599	639,109	374,341	374,376	374,335	100%	43,333
<b>Op Exp Total</b>	<b>7,840,509</b>	<b>8,141,436</b>	<b>7,899,404</b>	<b>4,332,684</b>	<b>4,416,768</b>	<b>98%</b>	<b>7,787,806</b>
<b>NonOperating</b>							
Other NonOperating Expenses		100	450	750			
Transfers for Capital Projects/Debt	300,000	-	172,500	172,500	172,500	-	-
<b>Total Expense</b>	<b>\$ 8,140,509</b>	<b>\$ 8,141,536</b>	<b>\$ 8,072,354</b>	<b>\$ 4,505,934</b>	<b>\$ 4,589,268</b>	<b>98%</b>	<b>\$ 7,787,806</b>
<b>Total Revenue</b>	<b>8,228,501</b>	<b>8,093,507</b>	<b>8,330,908</b>	<b>4,705,638</b>	<b>4,571,195</b>	<b>103%</b>	<b>8,849,318</b>
Net Over / (Under)	87,993	(48,029)	258,554	199,705	(18,073)	-1105%	1,061,512
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>YTD Actual</b>			
Operating Revenues	8,223,357	8,090,879	8,325,762	4,702,840			
Operating Expenses	7,840,509	8,141,436	7,899,404	4,332,684			
Net Over / (Under)	382,848	(50,557)	426,358	370,157			

**GENERAL FUND 001**



**As of 6/30/16**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>YTD 2016</b>	<b>YTD Budget</b>	<b>Actual / Budget</b>	<b>2016 Budget</b>
Sales Tax	2,278,743	2,360,642	2,572,497	1,290,020	1,204,274	107%	2,454,385

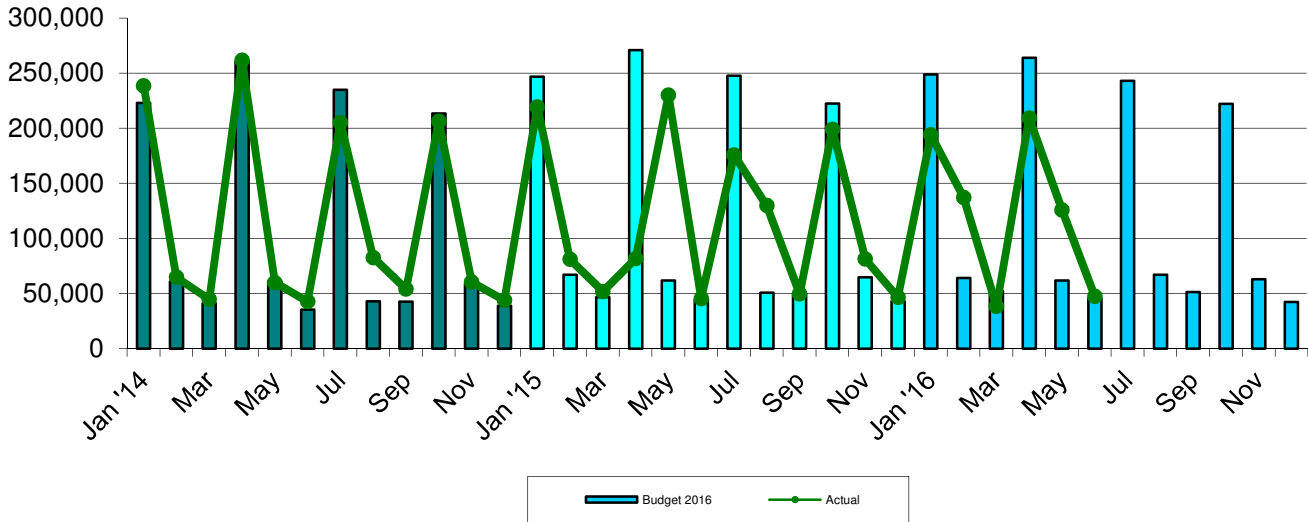
**TBD SALES TAX (not included above)**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>YTD 2016</b>	<b>YTD Budget</b>	<b>Actual / Budget</b>	<b>2016 Budget</b>
TBD Sales Tax	532,577	554,864	596,621	294,920	283,602	104%	578,000

**PUBLIC SAFETY SALES TAX (not included above)**

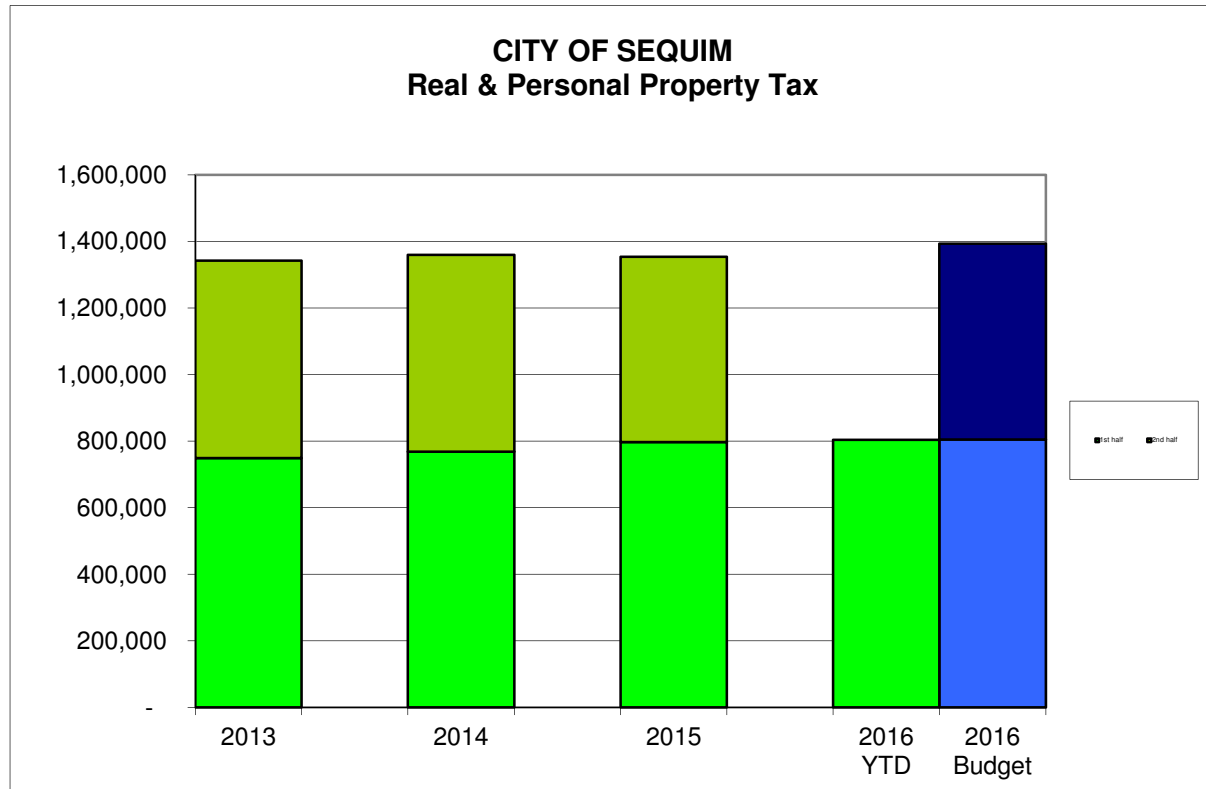
	<b>2014</b>	<b>2015</b>	<b>YTD 2016</b>	<b>YTD Budget</b>	<b>Actual / Budget</b>	<b>2016 Budget</b>
Public Safety Tax Started March 2013	233,232	251,129	124,201	118,987	104%	246,924

**Utility B&O Tax**  
(primarily quarterly receipts)



**As of 6/30/16**

	2013	2014	2015	YTD 2016	YTD Budget	Actual / Budget	Budget 2016
Electric	497,542	514,785	511,018	306,928	306,199	100%	542,768
Garbage	148,472	159,005	172,766	89,671	85,923	104%	172,488
Cable	61,745	67,182	70,289	36,443	35,407	103%	71,177
Telephone	187,749	183,703	177,369	88,681	92,651	96%	185,315
Water	146,182	153,749	160,719	74,329	70,471	105%	157,586
Sewer	273,821	286,766	300,084	156,339	145,891	107%	296,186
	<b>1,315,511</b>	<b>1,365,190</b>	<b>1,392,245</b>	<b>752,391</b>	<b>736,542</b>	<b>102%</b>	<b>1,425,520</b>

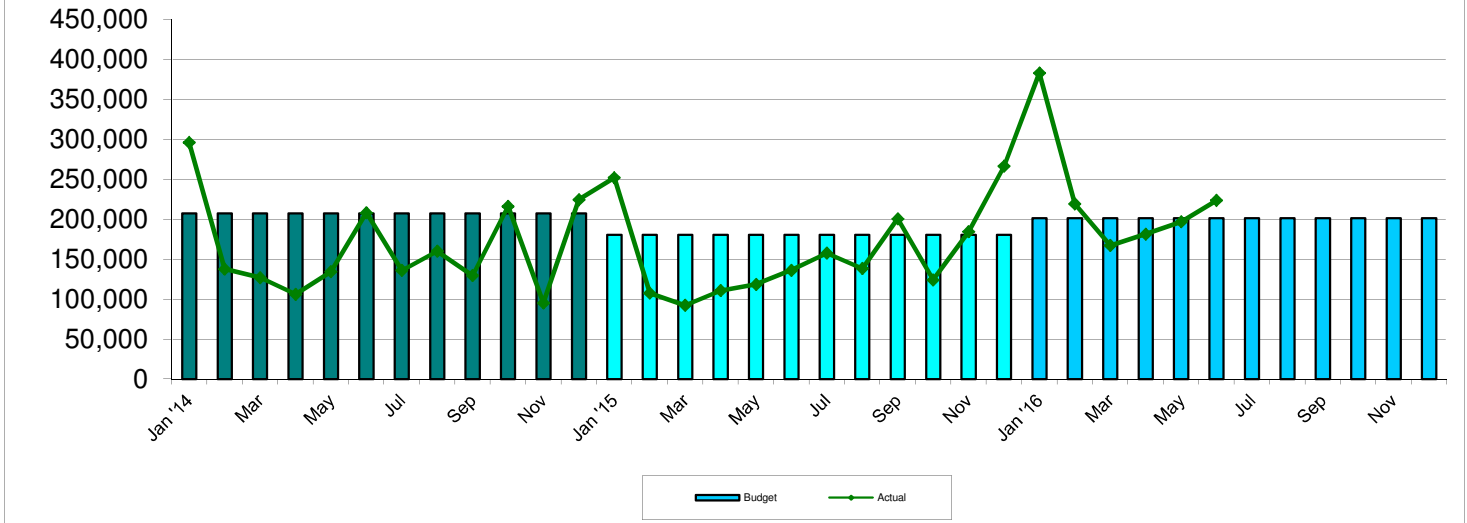


As of 6/30/2016

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 YTD</u>	<u>2016 Budget</u>	<u>Actual / Budget</u>
1st half	749,314	768,654	796,862	804,340	805,104	100%
2nd half	593,533	590,666	557,169	-	588,497	0%
	<b>1,342,846</b>	<b>1,359,320</b>	<b>1,354,031</b>	<b>804,340</b>	<b>1,393,601</b>	<b>58%</b>

General Fund 001

InterFund Services Revenue



As of 6/30/16

	2013	2014	2015	2016	YTD 2016 Budget	Actual/ Budget	2016 Budget
Streets UnRestricted	222,383	188,307	175,920	139,014	106,061	131%	212,122
Streets Restricted	312,979	151,510	178,608	37,245	71,388	52%	142,775
Stormwater Unrestricted	29,597	26,567	24,206	22,432	14,223	158%	28,445
Stormwater Restricted	10,246	26,725	56,160	19,325	11,906	162%	23,811
Parks Restricted			18,708	71,369	19,408	368%	52,236
Water UnRestricted	422,598	375,616	397,733	222,403	215,793	103%	431,586
Water Restricted	60,936	172,605	35,493	12,017	112,356	11%	224,711
Sewer UnRestricted	999,113	915,393	914,882	582,829	507,759	115%	1,015,517
Sewer Restricted	146,115	115,666	65,401	244,943	124,565	197%	249,129
Capital Facilities	176,448	-	22,528	20,378	26,118	78%	52,236
<b>TOTAL</b>	<b>2,380,415</b>	<b>1,972,389</b>	<b>1,889,639</b>	<b>1,371,954</b>	<b>1,209,574</b>	<b>113%</b>	<b>2,432,568</b>
GF allocation	<b>33%</b>	<b>48%</b>	<b>51%</b>	<b>66%</b>			
NonGeneral allocation	<b>67%</b>	<b>52%</b>	<b>49%</b>	<b>34%</b>			

Interfund Services are departments that provide Central Services:

City Council, City Manager, City Clerk, City Attorney, Finance, HR, IT, GIS Engineer, PW Admin, Facilities Maint, & NonDpt.

Central Services Costs are passed through to Operating Departments which include:

General Fund - Criminal Prosecution (Muni Court), Police, Building / Code Compliance, Park Operations, Planning

NonGeneral Fund - Streets\*, Parks Restricted, Capital Facilities, Water\*, Sewer\*, and Solid Waste

\* Includes UnRestricted and Restricted

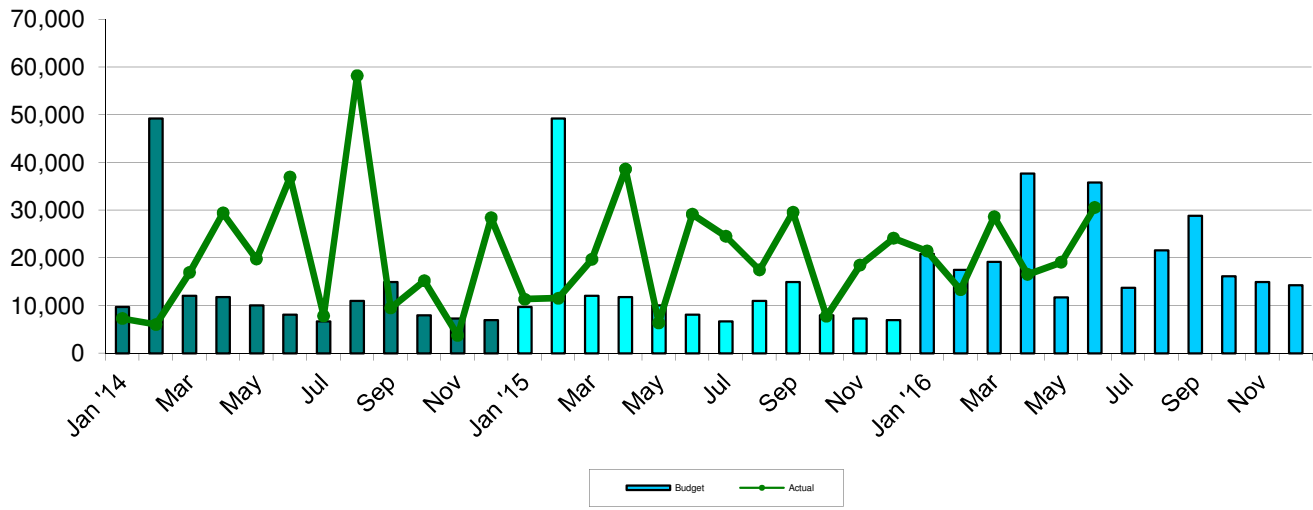
**All Years** January: \$330,000 insurance premium distorts allocations early in the year when fund activity is generally low.

**2013** Separated Stormwater allocations from Streets as now funded solely by Water & Sewer Funds

**2014** Discontinued allocating to Civic Center project in Capital Facilities through 2015 completion

**2015** Started allocating to Parks Restricted - Master Plan is complete and moving toward MPD

### Permit & Development Fees



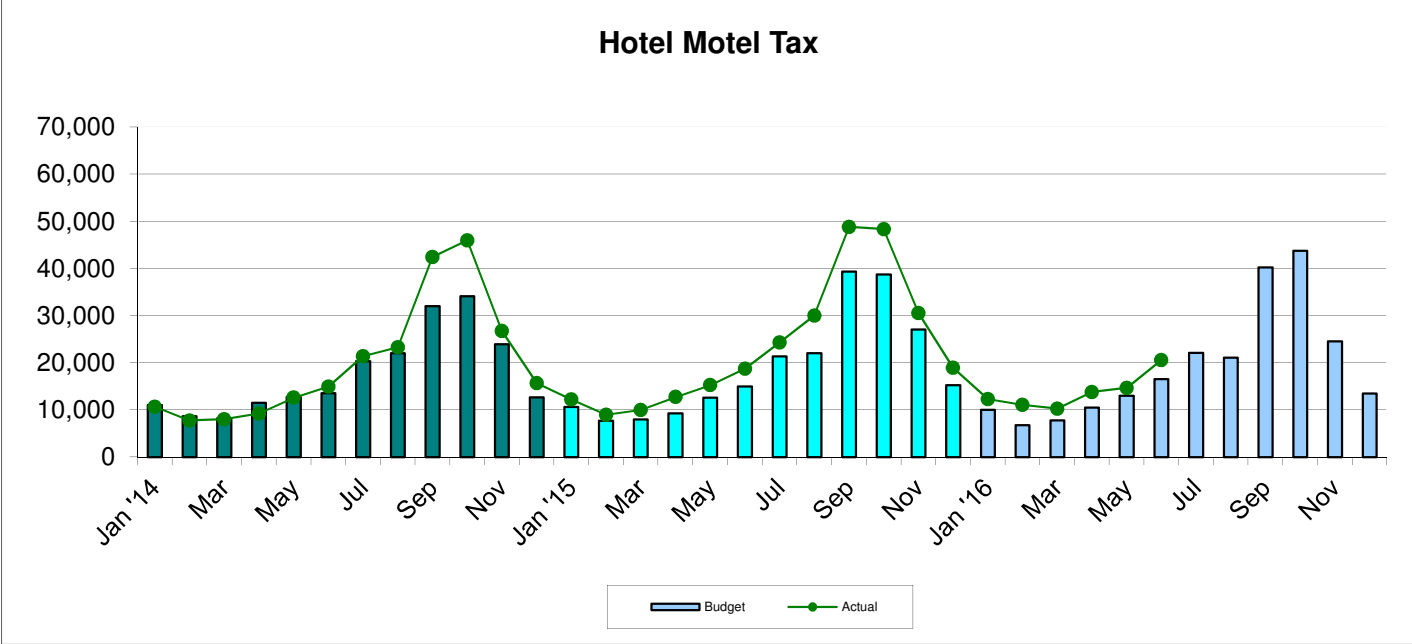
6/30/2016

	2013	2014	2015	YTD 2016	YTD Budget	Actual / Budget	2016 Budget
Building Permits	114,205	144,071	161,641	86,099	98,639	87%	164,000
Plan Check Fees	35,702	79,905	71,572	32,528	33,000	99%	66,000
Inspection Fees	3,300	5,034	5,326	3,938	2,652	148%	5,300
Other Planning Dvlp	3,961	10,166	577	6,906	8,502	81%	17,000
	<b>157,168</b>	<b>239,176</b>	<b>238,539</b>	<b>129,471</b>	<b>142,793</b>	<b>91%</b>	<b>252,300</b>
Construction Sales Tax	142,777	196,793	209,030	85,647	75,508	1	153,890
<b>Total Development Related</b>	<b>299,945</b>	<b>435,969</b>	<b>447,569</b>	<b>215,118</b>	<b>218,301</b>	<b>99%</b>	<b>406,190</b>

#### PERMIT DATA

Number of Permits		2013	2014	2015	YTD 2016
New	Residential	33	33	60	31
	Commercial	0	1	2	2
		<b>33</b>	<b>34</b>	<b>62</b>	<b>33</b>
Remodel	Residential	126	89	108	71
	Commercial	102	107	100	53
		<b>228</b>	<b>196</b>	<b>208</b>	<b>124</b>
<b>Totals</b>		<b>261</b>	<b>230</b>	<b>270</b>	<b>157</b>

**HOTEL MOTEL FUND 115**

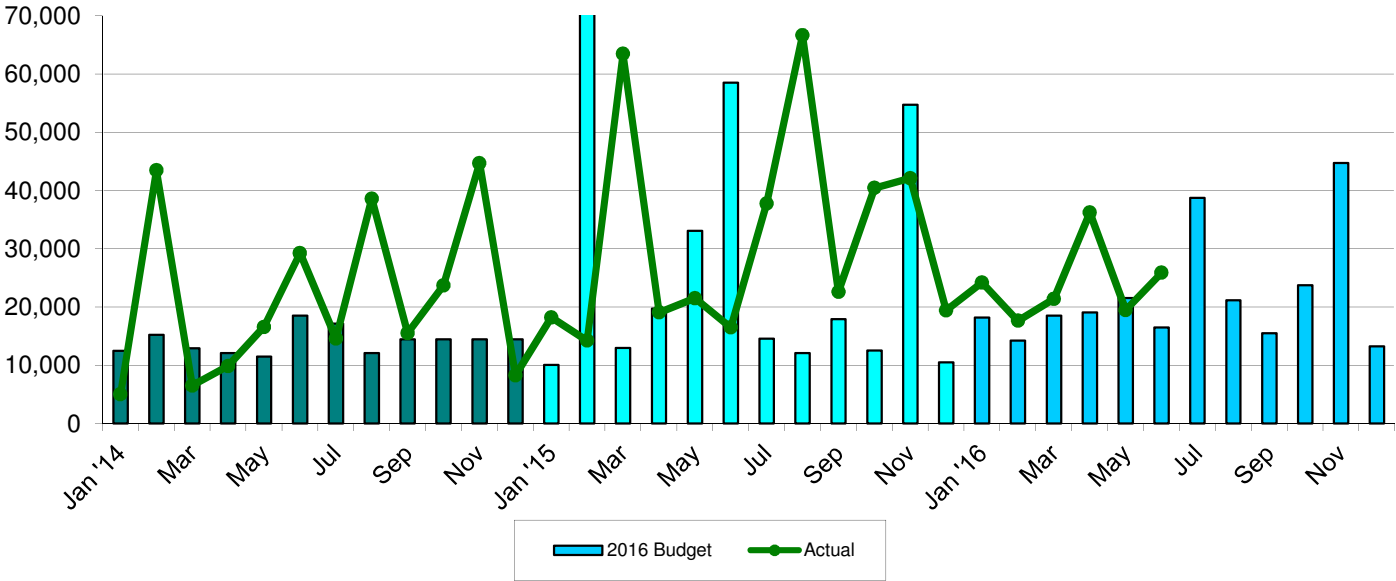


As of 6/30/2016

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Actual / Budget</b>	<b>2016 Budget</b>
Hotel Motel Tax	238,854	278,935	278,935	82,725	64,730	128%	230,000



**Real Estate Excise Tax**



**As of 6/30/16**

	2013	2014	2015	2016 YTD Actual	YTD Budget	Actual / Budget	2016 Budget
REET 1st 1/4%	125,113	128,370	236,731	72,513	54,054	134%	134,640
REET 2nd 1/4%	103,965	127,903	145,499	72,395	54,054	134%	130,667
<b>Total</b>	<b>229,078</b>	<b>256,274</b>	<b>382,230</b>	<b>144,909</b>	<b>108,108</b>	<b>134%</b>	<b>265,307</b>

09/2013 - Transfer of controlling interest in Assisted Living Concepts, Inc

2014 - Two large Commercial sales in February and one in September

2015 - Merger of Albertsons and Safeway 3/15 and Transfer of Controlling interest - Adult care facility.

**City of Sequim**

Schedule of Liabilities  
As of June 30, 2016

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2016	Additions	Reductions	Ending Balance June 30, 2016
<b>General Obligations</b>							
	263.61	Keeler Park Loan	12/1/2016	55,169	0	40,088	15,081
	251.11	City Hall/Police Station LTGO - taxable	12/1/2017	455,000	0	0	455,000
	251.11	City Hall/Police Station LTGO - non-taxable	12/1/2043	10,000,000	0	Interest only until 2018	10,000,000
<b>Total General Obligations:</b>				<b>10,510,169</b>	<b>0</b>	<b>40,088</b>	<b>10,470,081</b>
<b>Revenue Obligations</b>							
	259.12	Compensated Absences		741,056	45,864	0	786,920
	263.82	PWTF Aerobic Digester Loan	6/1/2027	84,510	435,490	0	520,000
Note 1	263.82	Reclaimed Water Facility SFR Fund	3/1/2018	682,564	0	136,513	546,051
Note 2	263.82	Reclaimed Water Facility 2009	6/17/2030	4,438,201	0	131,629	4,306,572
Note 3	252.11	Water Revenue Bond 2014	12/1/2034	1,512,500	0	0	1,512,500
Note 3	252.11	Sewer Revenue Bond 2014	12/1/2034	1,512,500	0	0	1,512,500
	66.458	Headworks SFR Loan			272,340		272,340
<b>Total Revenue Obligations:</b>				<b>8,971,331</b>	<b>753,694</b>	<b>268,142</b>	<b>9,456,883</b>
<b>Total Liabilities:</b>				<b>19,481,500</b>	<b>753,694</b>	<b>308,230</b>	<b>19,926,964</b>

Note 1: Annual Payments total \$273,026, at 0% interest. Reserve requirement = -0-

Note 2: Annual Payments total \$356,869 (Principal and Interest), at 2.1% interest. Reserve Requirement = Max Annual Debt Pmnt of \$356,869

Note 3: Annual Payments total approximately \$230,000 at 3% and 4% over the life of the debt, split by both water and sewer evenly

## CAPITAL PROJECT UPDATE 2nd QTR 2016

### Parks

#### **Parking Lot at ReUse Demonstration Site**

- Project Complete- Ribbon Cutting today July 25<sup>th</sup>

#### **Guy Cole Remodel**

- Council adopted Scope of Work
- RFP being prepared

#### **Pickleball Courts**

- Recreation and Conservation Office (RCO) grant submitted

### Stormwater

#### **Stormwater Master Plan**

- Studying SMC for amendment/update pertinent to adopted Plan
- MOA with Sequim Prairie irrigators

### Streets

#### **Pavement Rehabilitation 2016**

- Advertised July 25

#### **Fir Street Rehabilitation (*carry forward from 2015, not in 2016 budget*)**

- NEPA Document submitted to FHWA for approval
- Coordinating with School District
- Preparing grant application: Transportation Improvement Board

#### **Washington Street Signal Interconnect (*carry forward from 2015, not in 2016 budget*)**

- Held public workshop in June to solicit public input regarding signal operations
- Preparing grant application: WSDOT 2016 Innovative Safety Program

### Water

#### **Connection across 3<sup>rd</sup> @ Sycamore (*carry forward from 2015, not in 2016 budget*)**

- Completed in June

#### **Sunnyside Water Main – Bell to Fir**

- Preliminary Design
- SEPA submission scheduled for May
- SRF loan agreement signed

### **5<sup>th</sup> and McCurdy Booster Station**

- Engineering in progress
- SRF loan agreement signed

## **Sewer**

### **Aerobic Digester/Headworks Improvement (*carry forward from 2015, not in 2016 budget*)**

- Nearing substantial completion for Headworks and Digester portion
- Grit Chamber component completed July 22

### **Sunnyside Sewer**

- Corresponds with Sunnyside Water project-Engineering in progress
- SRF funding offer being executed

### **Doe Run Lift Station**

- Engineering in progress
- SRF funding offer being executed